



STATE BOARD OF EQUALIZATION

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No. 78/65

April 14, 1978

TO COUNTY ASSESSORS:

IMPLEMENTATION OF SENATE BILL 1

Basic Provisions

Senate Bill 1 provides for the taxation of owner-occupied dwellings at a different tax rate from other taxable property. It establishes a revenue limit for local taxing agencies and a maximum tax rate that can be levied by these agencies against owner-occupied dwellings and other property. It further provides for a 30-percent reduction in the tax rate applied to property that qualifies as owner-occupied.

Statement of Eligibility

This bill adds Section 253.6 to the Revenue and Taxation Code which permits any qualified homeowner who is currently not receiving or is not eligible for the Homeowners' Exemption to file with the assessor an Affidavit of Eligibility (SBE-ASD Form AH 537) for the homeowners' reduced property tax rate. The affidavit provision appears to apply primarily to veterans, particularly those claiming the Disabled Veterans' Exemption. The deadline for filing the affidavit is April 17, 1978. This should be stressed and publicized as much as possible since by statute there is no provision for late filing.

Commonality of Property

Property common to both the 1978 and 1977 assessment rolls must be identified. These common properties must then be labeled as either "owner-occupied" or "other" property.

An "owner-occupied" property is considered "common" if it received a Homeowners' Exemption for the prior and current year, and it is not within the jurisdiction of a redevelopment agency. Property with multiple uses, such as a farm or a commercial property with a residence receiving a Homeowners' Exemption, are not common by definition. Other tests of "common" properties originally stated in Senate Bill 1 are the subjects of pending clean-up legislation. As soon as these tests are firmed up in the pending clean-up bill(s), we will let you know.

Multi-Use Parcels

Assessor should identify multi-use properties immediately. Once they have been identified, their values must be segregated between residential and other use. For properties that are not part of a current reappraisal

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effort, a simple allocation will suffice. For properties involved in a current reappraisal effort, a good quality appraisal will provide a measure of the current value attributable to the residential use and will comply with the forthcoming Board rule.

Board Rule

A proposed rule was distributed to Members of the State Board and county assessors on April 7 for their study and approval on an emergency basis on April 18.

Value Estimates for Taxing Jurisdictions

The bill charges the assessor with the responsibility of supplying local taxing jurisdictions, exclusive of school districts, with estimates of assessed values of properties "common" to both "owner-occupied" and "other" categories by May 15. Our legal staff has concluded that this requirement first becomes effective on May 15, 1979.

Reimbursement of Mandated Costs

Senate Bill 1 also provides for reimbursement of mandated costs incurred prior to July 1, 1978, thus defraying some of the cost of maintaining dual roll systems. Assessors should maintain detailed records and document implementation costs. Claims for such costs should be forwarded to your county auditor for processing. The Division of Audits in the State Controller's Office is charged with auditing claims submitted for reimbursement of mandated costs.

Personal Property

Personal property by definition is "other" property and personal property presently secured to an owner-occupied residential use parcel could be enrolled as unsecured to expedite implementation of Senate Bill 1. The assessor's systems and the assessment roll format will be factors to weigh in making the determination for enrolling personal property presently secured to an owner-occupied residential parcel.

Clean-up Legislation

We anticipate the passage of at least one clean-up bill effecting Senate Bill 1. Among other things, this bill will eliminate the language in part (D) of Revenue and Taxation Code, Section 2261, which deals with boundary changes of local agencies.

Senate Bill 1 currently excludes from "common" the entire assessed valuation of a redevelopment agency. In future legislation this may be changed to exclude only those agencies using tax increment financing.

Another provision of clean-up legislation will specify one-time filing of the affidavit of eligibility for the homeowners' reduced property tax rate.

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If you have an interest in participating in workshops regarding the implementation of Senate Bill 1, please contact Don Brower of our staff at (916) 445-4982.

Sincerely,

Jack F. Eisenlauer

Jack F. Eisenlauer, Chief
Assessment Standards Division

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